

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2024-26)
MID TERM EXAMINATION (TERM -IV)

Subject Name: **Materials and Purchase Management**

Time: **01.00 hrs**

Sub. Code: **PGO-41**

Max Marks: **20**

Note: Read the following case and answer the following questions:

10×2 = 20 Marks

Case Study 1: Purchase Management at Apex Electronics Ltd. CO1

Background

Apex Electronics Ltd. is a medium-sized manufacturer of consumer electronics, specializing in LED TVs and Bluetooth speakers. The company's procurement department is responsible for sourcing raw materials such as electronic components, plastics, and packaging material.

In recent months, the purchasing team has been facing several challenges:

- **Inconsistent Supplier Performance:** Delivery delays from key suppliers have caused disruptions in production.
- **Rising Material Costs:** Prices for microchips have increased by 15% in the last quarter.
- **Poor Inventory Coordination:** Over-purchasing certain materials while facing shortages of others.
- **Lack of Supplier Evaluation:** No systematic process for monitoring supplier performance.

Current Purchasing Process

1. **Requirement Identification:** Production team sends a purchase requisition to the procurement department.
2. **Vendor Selection:** Buyers contact existing suppliers for quotations.
3. **Purchase Order Creation:** Based on lowest quotation, purchase orders are issued.
4. **Goods Receipt & Payment:** Materials are received, inspected, and invoices are processed for payment.

However, this process is **largely manual** and lacks integration with inventory and production planning systems.

Problem Scenario

Last month, Apex Electronics experienced a **5-day production halt** because microchips ordered from their main supplier, Zenith Components, were delayed due to a transport strike. Since there was **no alternative supplier pre-approved**, procurement had to find an emergency source at a **20% higher cost**.

This situation highlighted the need for:

- Better supplier relationship management
- Multi-supplier sourcing strategy
- Technology integration for demand forecasting

Questions

Q. 1: (A). Identify the main shortcomings in Apex Electronics' current purchasing process. (5 Marks)

Q. 1: (B). Suggest strategies to improve supplier performance and reduce dependence on a single vendor.(5 Marks)

Case Study 2: Purchase Management at Zenith Furniture Pvt. Ltd. **CO2**

Zenith Furniture Pvt. Ltd. is a medium-sized company that manufactures office furniture such as chairs, tables, and cabinets. The company depends heavily on raw materials like wood, steel, fabric, and adhesives.

Recently, the company has faced challenges in its **purchase management process**:

1. **Supplier Dependence:** Zenith relies on only two major wood suppliers. When one of them delayed a shipment, production had to stop for three days.
2. **High Procurement Cost:** Lack of proper negotiation skills has led to higher raw material prices compared to competitors.
3. **Poor Quality Control:** Some steel sheets supplied did not meet the required thickness standards, but they were still used, resulting in customer complaints.
4. **Inventory Imbalance:** At times, fabric stockpiles remain unused while adhesive frequently runs out, causing disruptions.
5. **Manual Processes:** All purchasing records are maintained in registers, which causes delays in tracking orders and payments.

The management realizes that without improving purchase management, the company will continue to face rising costs, delayed deliveries, and unhappy customers. The Purchase Manager has been asked to come up with solutions for better supplier management, inventory planning, and cost reduction

Questions

Q. 2: (A). What are the main weaknesses in Zenith Furniture's purchase management process? (5 Marks)

Q. 2: (B). How can Zenith improve supplier selection and reduce over-dependence on a few suppliers (5 Marks)

Kindly fill the total marks allocated to each CO's in the table below:

COs	Marks Allocated
CO1	10 Marks
CO2	10 Marks

Blooms Taxonomy Levels given below for your ready reference:

L1= Remembering

L2= Understanding

L3= Apply

L4= Analyze

L5= Evaluate

L6= Create